

April 11, 2005

By Certified Mail, Postage Prepaid

Mark Van Ausdal American Pharmaceutical Partners, Inc. 1501 E. Woodfield Drive, Ste. 300E Schaumburg, IL 60173-5837

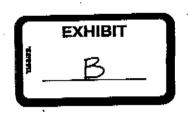
Re: Notice of Violation of Texas Health & Safety Code § 431.116

Dear Mr. Ausdal:

I am writing to inform you that American Pharmaceutical Partners, Inc., is currently in violation of Texas Health & Safety Code § 431.116, and that it has until April 25, 2005 to satisfy the requirements of this statute. (A copy of Texas Health & Safety Code § 431.116 is attached for your review.)

Texas Health & Safety Code § 431.116 requires companies which distribute prescription drugs in Texas to send the Texas Health & Human Services Commission (HHSC) the average manufacturer price (AMP) for all drugs currently on the Texas formulary. Based on HHSC records, American Pharmaceutical Partners, Inc., has not filed any AMPs with HHSC for any quarter of calendar year 2004. For this reason, American Pharmaceutical Partners, Inc., is in clear violation of Texas law. If it fails to file its AMPs with HHSC by April 25, 2005, the Texas Office of the Attorney General will take appropriate action to compel it to do so.

To comply with the requirements of Texas Health & Safety Code § 431.116, AMPs for American Pharmaceutical Partners, Inc.'s, drugs on the Texas formulary (including AMPs for drugs distributed by subsidiaries and affiliates) should be sent to Health & Human Services Commission, Vendor Drug Program Formulary, Mail Code H630, P.O. Box 85200, Austin, TX 78708-5200. These AMP reports should include the AMPs reported to CMS for the last quarter of 2004 (due January 31, 2005), and should continue to be sent on an ongoing basis beginning with the report for the first quarter of 2005 (due April 30, 2005).



If you have any questions about HHSC's AMP reporting requirements, please contact Martha McNeill, Director, Vendor Drug Program Formulary, at (512) 491-1157.

Sincerely yours,

William J. Shieber

Assistant Attorney General

Antitrust & Civil Medicaid Fraud Division

Texas Office of the Attorney General

(512) 463-1710

(512) 320-0975 (Facsimile No.)

V. Mikam. Illabor Wood, state traks

Page 1

Tex. Health & Safety Code § 431.116

1 of 1 DOCUMENT

TEXAS STATUTES AND CODES ANNOTATED BY LEXISNEXIS(R)

*** THIS DOCUMENT IS CURRENT THROUGH ALL 2003 LEGISLATION ***

*** NO LEGISLATION ENACTED IN 2004 ***

*** March 2005 Annotation Service ***

HEALTH AND SAFETY CODE
TITLE 6. FOOD, DRUGS, ALCOHOL, AND HAZARDOUS SUBSTANCES
SUBTITLE A. FOOD AND DRUG HEALTH REGULATIONS
CHAPTER 431. TEXAS FOOD, DRUG, AND COSMETIC ACT
SUBCHAPTER E. DRUGS AND DEVICES

CO TO TEXAS CODE ANOMIVE DIRECTORY

Tex. Health & Safety Code § 431.116 (2004)

§ 431.116. Average Manufacturer Price

- (a) In this section, "average manufacturer price" has the meaning assigned by 42 U.S.C. Section 1396r-8(k), as amended.
- (b) A person who manufactures a drug, including a person who manufactures a generic drug, that is sold in this state shall file with the department:
 - (1) the average manufacturer price for the drug; and
 - (2) the price that each wholesaler in this state pays the manufacturer to purchase the drug.
- (c) The information required under Subsection (b) must be filed annually or more frequently as determined by the department.
- (d) The department and the attorney general may investigate the manufacturer to determine the accuracy of the information provided under Subsection (b). The attorney general may take action to enforce this section.
- (e) The department shall report the information collected under Subsection (b) to the Interagency Council on Pharmaceuticals Bulk Purchasing.
- (f) Notwithstanding any other state law, pricing information disclosed by manufacturers or labelers under this section may be provided by the department only to the Medicaid vendor drug purchase program for its sole use. The Medicaid vendor drug purchase program may use the information only as necessary to administer its drug programs, including Medicaid drug programs.
- (g) Notwithstanding any other state law, pricing information disclosed by manufacturers or labelers under this section is confidential and, except as necessary to permit the attorney general to enforce state and federal laws, may not be disclosed by the Health and Human Services Commission or any other state agency in a form that discloses the identity of a specific manufacturer or labeler or the prices charged by a specific manufacturer or labeler for a specific drug.

Page 2

Tex. Health & Safety Code § 431.116

- (h) The attorney general shall treat information obtained under this section in the same manner as information obtained by the attorney general through a civil investigative demand under Section 36.054, Human Resources Code.
- (i) Notwithstanding any other state law, the penalties for unauthorized disclosure of confidential information under Chapter 552, Government Code, apply to unauthorized disclosure of confidential information under this section.

HISTORY: Stats. 2001 77th Leg. Sess. Ch. 1003, effective September 1, 2001; Stats. 2003 78th Leg. Sess. Ch. 198, effective September 1, 2003.

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By Certified Mail, Postage Prepaid

April 5, 2005

Giora Carni Clay-Park Labs 1700 Bathgate Ave. Bronx, NY 10457

Re: Notice of Violation of Texas Health & Safety Code § 431.116

Dear Ms. Carni:

I am writing to inform you that Clay-Park Labs is currently in violation of Texas Health & Safety Code § 431.116, and that it has until **April 20, 2005** to satisfy the requirements of this statute. (A copy of Texas Health & Safety Code § 431.116 is attached for your review.)

Texas Health & Safety Code § 431.116 requires companies which distribute prescription drugs in Texas to send the Texas Health & Human Services Commission (HHSC) the average manufacturer price (AMP) for all drugs currently on the Texas formulary. Based on HHSC records, Clay-Park Labs has not filed any AMPs with HHSC for any quarter of calendar year 2004. For this reason, Clay-Park Labs is in clear violation of Texas law. If it fails to file its AMPs with HHSC by April 20, 2005, the Texas Office of the Attorney General will take appropriate action to compel it to do so.

To comply with the requirements of Texas Health & Safety Code § 431.116, AMPs for Clay-Park Labs's drugs on the Texas formulary (including AMPs for drugs distributed by subsidiaries and affiliates) should be sent to Health & Human Services Commission, Vendor Drug Program Formulary, Mail Code H630, P.O. Box 85200, Austin, TX 78708-5200. These AMP reports should include the AMPs reported to CMS for the last quarter of 2004 (due January 31, 2005), and should continue to be sent on an ongoing basis beginning with the report for the first quarter of 2005 (due April 30, 2005).

If you have any q. dons about HHSC's AMP reporting referents, please contact Martha McNeill, Director, Vendor Drug Program Formulary, at (512) 491-1157.

Sincerely yours,

William J. Shieber

Assistant Attorney General

Antitrust & Civil Medicaid Fraud Division

Texas Office of the Attorney General

(512) 463-1710

(512) 320-0975 (Facsimile No.)

William.Shieber@oag.state.tx.us

Attachment

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ATTORNEY GENERAL OF TEXAS

By Certified Mail, Postage Prepaid

April 5, 2005

Paul B. McGarty, CEO Fougera, a Division of Atlanta, Inc. 60 Baylis Rd. Melville, NY 11747-0103

Re: Notice of Violation of Texas Health & Safety Code § 431.116

Dear Mr. McGarty:

I am writing to inform you that Fougera, a Division of Altana, Inc. is currently in violation of Texas Health & Safety Code § 431.116, and that it has until **April 20, 2005** to satisfy the requirements of this statute. (A copy of Texas Health & Safety Code § 431.116 is attached for your review.)

Texas Health & Safety Code § 431.116 requires companies which distribute prescription drugs in Texas to send the Texas Health & Human Services Commission (HHSC) the average manufacturer price (AMP) for all drugs currently on the Texas formulary. Based on HHSC records, Fougera, a Division of Altana, Inc. has not filed any AMPs with HHSC for any quarter of calendar year 2004. For this reason, Fougera, a Division of Altana, Inc. is in clear violation of Texas law. If it fails to file its AMPs with HHSC by April 20, 2005, the Texas Office of the Attorney General will take appropriate action to compel it to do so.

To comply with the requirements of Texas Health & Safety Code § 431.116, AMPs for Fougera, a Division of Altana, Inc.'s drugs on the Texas formulary (including AMPs for drugs distributed by subsidiaries and affiliates) should be sent to Health & Human Services Commission, Vendor Drug Program Formulary, Mail Code H630, P.O. Box 85200, Austin, TX 78708-5200. These AMP reports should include the AMPs reported to CMS for the last quarter of 2004 (due January 31, 2005), and should continue to be sent on an ongoing basis beginning with the report for the first quarter of 2005 (due April 30, 2005).

If you have any q ions about HHSC's AMP reporting rements, please contact Martha McNeill, Director, Vendor Drug Program Formulary, at (512) 491-1157.

Sincerely yours,

William J. Shieber

Assistant Attorney General
Antitrust & Civil Medicaid Fraud Division

Texas Office of the Attorney General

(512) 463-1710

(512) 320-0975 (Facsimile No.)

William.Shieber@oag.state.tx.us

Attachment

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By Certified Mail, Postage Prepaid

April 5, 2005

Howard J. Weisman, President ESP Pharma, Inc. 2035 Lincoln Highway, Ste. 2150 Edison, NJ 08817

Re: Notice of Violation of Texas Health & Safety Code § 431.116

Dear Mr. Weisman:

I am writing to inform you that ESP Pharma, Inc. is currently in violation of Texas Health & Safety Code § 431.116, and that it has until April 20, 2005 to satisfy the requirements of this statute. (A copy of Texas Health & Safety Code § 431.116 is attached for your review.)

Texas Health & Safety Code § 431.116 requires companies which distribute prescription drugs in Texas to send the Texas Health & Human Services Commission (HHSC) the average manufacturer price (AMP) for all drugs currently on the Texas formulary. Based on HHSC records, ESP Pharma, Inc. has not filed any AMPs with HHSC for any quarter of calendar year 2004. For this reason, ESP Pharma, Inc. is in clear violation of Texas law. If it fails to file its AMPs with HHSC by April 20, 2005, the Texas Office of the Attorney General will take appropriate action to compel it to do so.

To comply with the requirements of Texas Health & Safety Code § 431.116, AMPs for ESP Pharma, Inc.'s drugs on the Texas formulary (including AMPs for drugs distributed by subsidiaries and affiliates) should be sent to Health & Human Services Commission, Vendor Drug Program Formulary, Mail Code H630, P.O. Box 85200, Austin, TX 78708-5200. These AMP reports should include the AMPs reported to CMS for the last quarter of 2004 (due January 31, 2005), and should continue to be sent on an ongoing basis beginning with the report for the first quarter of 2005 (due April 30, 2005).

If you have any c_i . tions about HHSC's AMP reporting τ . rements, please contact Martha McNeill, Director, Vendor Drug Program Formulary, at (512) 491-1157.

Sincerely yours.

William J. Shieber
Assistant Attorney General
Antitrust & Civil Medicaid Fraud Division
Texas Office of the Attorney General
(512) 463-1710
(512) 320-0975 (Facsimile No.)
William.Shieber@oag.state.tx.us

Attachment

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By Certified Mail, Postage Prepaid

April 4, 2005

George Cole, President SAVAGE LABORATORIES Savage Laboratories, c/o Atlanta, Inc. 60 Baylis Road Melville, NY 11747

Re: Notice of Violation of Texas Health & Safety Code § 431.116

Dear Mr. Cole:

I am writing to inform you that SAVAGE LABORATORIES is currently in violation of Texas Health & Safety Code § 431.116, and that it has until **April 18, 2005** to satisfy the requirements of this statute. (A copy of Texas Health & Safety Code § 431.116 is attached for your review.)

Texas Health & Safety Code § 431.116 requires companies which distribute prescription drugs in Texas to send the Texas Health & Human Services Commission (HHSC) the average manufacturer price (AMP) for all drugs currently on the Texas formulary. Based on HHSC records, SAVAGE LABORATORIES has not filed any AMPs with HHSC for any quarter of calendar year 2004. For this reason, SAVAGE LABORATORIES is in clear violation of Texas law. If it fails to file its AMPs with HHSC by April 18, 2005, the Texas Office of the Attorney General will take appropriate action to compel it to do so.

To comply with the requirements of Texas Health & Safety Code § 431.116, AMPs for SAVAGE LABORATORIES's drugs on the Texas formulary (including AMPs for drugs distributed by subsidiaries and affiliates) should be sent to Health & Human Services Commission, Vendor Drug Program Formulary, Mail Code H630, P.O. Box 85200, Austin, TX 78708-5200. These AMP reports should include the AMPs reported to CMS for the last quarter of 2004 (due January 31, 2005), and should continue to be sent on an ongoing basis beginning with the report for the first quarter of 2005 (due April 30, 2005).

If you have any qualions about HHSC's AMP reporting remements, please contact Martha McNeill, Director, Vendor Drug Program Formulary, at (512) 491-1157.

Sincerely yours,

William J. Shieber

Assistant Attorney General

Antitrust & Civil Medicaid Fraud Division

Texas Office of the Attorney General

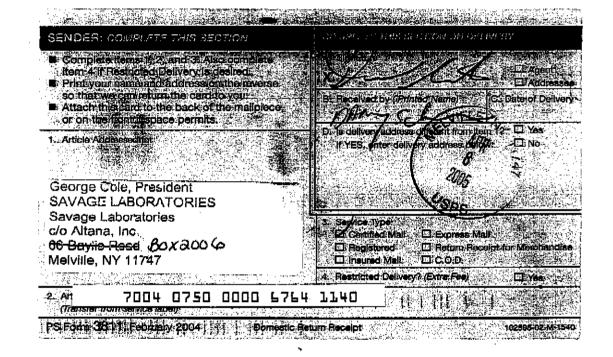
(512) 463-1710

(512) 320-0975 (Facsimile No.)

William.Shieber@oag.state.tx.us

Attachment







By Certified Mail, Postage Prepaid

April 5, 2005

Philip Young Healthpoint, LTD 3907 Hulen St. Fort Worth, TX 76107

Re: Notice of Violation of Texas Health & Safety Code § 431.116

Dear Mr. Young:

I am writing to inform you that Healthpoint, LTD is currently in violation of Texas Health & Safety Code § 431.116, and that it has until **April 20, 2005** to satisfy the requirements of this statute. (A copy of Texas Health & Safety Code § 431.116 is attached for your review.)

Texas Health & Safety Code § 431.116 requires companies which distribute prescription drugs in Texas to send the Texas Health & Human Services Commission (HHSC) the average manufacturer price (AMP) for all drugs currently on the Texas formulary. Based on HHSC records, Healthpoint, LTD has not filed any AMPs with HHSC for any quarter of calendar year 2004. For this reason, Healthpoint, LTD is in clear violation of Texas law. If it fails to file its AMPs with HHSC by April 20, 2005, the Texas Office of the Attorney General will take appropriate action to compel it to do so.

To comply with the requirements of Texas Health & Safety Code § 431.116, AMPs for Healthpoint, LTD's drugs on the Texas formulary (including AMPs for drugs distributed by subsidiaries and affiliates) should be sent to Health & Human Services Commission, Vendor Drug Program Formulary, Mail Code H630, P.O. Box 85200, Austin, TX 78708-5200. These AMP reports should include the AMPs reported to CMS for the last quarter of 2004 (due January 31, 2005), and should continue to be sent on an ongoing basis beginning with the report for the first quarter of 2005 (due April 30, 2005).

If you have any quitions about HHSC's AMP reporting rements, please contact Martha McNeill, Director, Vendor Drug Program Formulary, at (512) 491-1157.

Sincerely yours,

William J. Shieber

Assistant Attorney General

Antitrust & Civil Medicaid Fraud Division

Texas Office of the Attorney General

(512) 463-1710

(512) 320-0975 (Facsimile No.)

William.Shieber@oag.state.tx.us

Attachment

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By Certified Mail, Postage Prepaid

April 5, 2005

Robert D. Speiser, CEO Hercon Laboratories Corporation Aberdeen Road Emigsville, PA 17318

Re: Notice of Violation of Texas Health & Safety Code § 431.116

Dear Mr. Speiser:

I am writing to inform you that Hercon Laboratories Corporation is currently in violation of Texas Health & Safety Code § 431.116, and that it has until **April 20, 2005** to satisfy the requirements of this statute. (A copy of Texas Health & Safety Code § 431.116 is attached for your review.)

Texas Health & Safety Code § 431.116 requires companies which distribute prescription drugs in Texas to send the Texas Health & Human Services Commission (HHSC) the average manufacturer price (AMP) for all drugs currently on the Texas formulary. Based on HHSC records, Hercon Laboratories Corporation has not filed any AMPs with HHSC for any quarter of calendar year 2004. For this reason, Hercon Laboratories Corporation is in clear violation of Texas law. If it fails to file its AMPs with HHSC by April 20, 2005, the Texas Office of the Attorney General will take appropriate action to compel it to do so.

To comply with the requirements of Texas Health & Safety Code § 431.116, AMPs for Hercon Laboratories Corporation's drugs on the Texas formulary (including AMPs for drugs distributed by subsidiaries and affiliates) should be sent to Health & Human Services Commission, Vendor Drug Program Formulary, Mail Code H630, P.O. Box 85200, Austin, TX 78708-5200. These AMP reports should include the AMPs reported to CMS for the last quarter of 2004 (due January 31, 2005), and should continue to be sent on an ongoing basis beginning with the report for the first quarter of 2005 (due April 30, 2005).

If you have any q ions about HHSC's AMP reporting rements, please contact Martha McNeill, Director, Vendor Drug Program Formulary, at (512) 491-1157.

Sincerely-yours,

William J. Shieber

Assistant Attorney General

Antitrust & Civil Medicaid Fraud Division

Texas Office of the Attorney General

(512) 463-1710

(512) 320-0975 (Facsimile No.)

William.Shieber@oag.state.tx.us

Attachment

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By Certified Mail, Postage Prepaid

April 5, 2005

Beth R. Jacobson Executive VP and General Counsel LifeCycle Ventures, c/o PDI, Inc. 10 Mountainview Rd. Upper Saddle River, NJ 07458

Re: Notice of Violation of Texas Health & Safety Code § 431.116

Dear Ms. Jacobson:

I am writing to inform you that LifeCycle Ventures, c/o PDI, Inc. is currently in violation of Texas Health & Safety Code § 431.116, and that it has until April 20, 2005 to satisfy the requirements of this statute. (A copy of Texas Health & Safety Code § 431.116 is attached for your review.)

Texas Health & Safety Code § 431.116 requires companies which distribute prescription drugs in Texas to send the Texas Health & Human Services Commission (HHSC) the average manufacturer price (AMP) for all drugs currently on the Texas formulary. Based on HHSC records, LifeCycle Ventures, c/o PDI, Inc. has not filed any AMPs with HHSC for any quarter of calendar year 2004. For this reason, LifeCycle Ventures, c/o PDI, Inc. is in clear violation of Texas law. If it fails to file its AMPs with HHSC by April 20, 2005, the Texas Office of the Attorney General will take appropriate action to compel it to do so.

To comply with the requirements of Texas Health & Safety Code § 431.116, AMPs for LifeCycle Ventures, c/o PDI, Inc.'s drugs on the Texas formulary (including AMPs for drugs distributed by subsidiaries and affiliates) should be sent to Health & Human Services Commission, Vendor Drug Program Formulary, Mail Code H630, P.O. Box 85200, Austin, TX 78708-5200. These AMP reports should include the AMPs reported to CMS for the last quarter of 2004 (due January 31, 2005), and should continue to be sent on an ongoing basis beginning with the report for the first quarter of 2005 (due April 30, 2005).

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Sincerely yours,

William J. Shieber

Assistant Attorney General

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	Upper Saddle River, NJ 07458										

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mallpiece, or on the front if space permits. 1. Article Addressed to: Beth Restrictions of Executive VP and General Counsel LifeCycle Ventures, c/o PDI, Inc.	A. Signature X. Much Planting B. Received by (Printed Name) C. Date of Delivery M. K. R. H. L. (P) D. Is delivery address different from item 1? If YES, enter delivery address below:
10 Mountainaiev Rd. Upper Saddle River, NJ 07458	3. Service Type Certified Mail
	4. Restricted Delivery? (Extra Fee)
2. 7004 0750 0000 67 63	4951
	atum Receipt 102595-02-M-1540



ATTORNEY GENERAL OF TEXAS

By Certified Mail, Postage Prepaid

April 4, 2005

Tammy Chase, Manager
PHARMASCIENCE LABORATORIES, INC.
295 Firetower Road
Tonawanda, NY 14150-2312

Re: Notice of Violation of Texas Health & Safety Code § 431.116

Dear Ms. Chase:

I am writing to inform you that PHARMASCIENCE LABORATORIES, INC. is currently in violation of Texas Health & Safety Code § 431.116, and that it has until **April 18**, 2005 to satisfy the requirements of this statute. (A copy of Texas Health & Safety Code § 431.116 is attached for your review.)

Texas Health & Safety Code § 431.116 requires companies which distribute prescription drugs in Texas to send the Texas Health & Human Services Commission (HHSC) the average manufacturer price (AMP) for all drugs currently on the Texas formulary. Based on HHSC records, PHARMASCIENCE LABORATORIES, INC. has not filed any AMPs with HHSC for any quarter of calendar year 2004. For this reason, PHARMASCIENCE LABORATORIES, INC. is in clear violation of Texas law. If it fails to file its AMPs with HHSC by April 18, 2005, the Texas Office of the Attorney General will take appropriate action to compel it to do so.

To comply with the requirements of Texas Health & Safety Code § 431.116, AMPs for PHARMASCIENCE LABORATORIES, INC.'s drugs on the Texas formulary (including AMPs for drugs distributed by subsidiaries and affiliates) should be sent to Health & Human Services Commission, Vendor Drug Program Formulary, Mail Code H630, P.O. Box 85200, Austin, TX 78708-5200. These AMP reports should include the AMPs reported to CMS for the last quarter of 2004 (due January 31, 2005), and should continue to be sent on an ongoing basis beginning with the report for the first quarter of 2005 (due April 30, 2005).

If you have any quitons about HHSC's AMP reporting recements, please contact Martha McNeill, Director, Vendor Drug Program Formulary, at (512) 491-1157.

Sincerely yours,

William J. Shieber

Assistant Attorney General

Antitrust & Civil Medicaid Fraud Division

Texas Office of the Attorney General

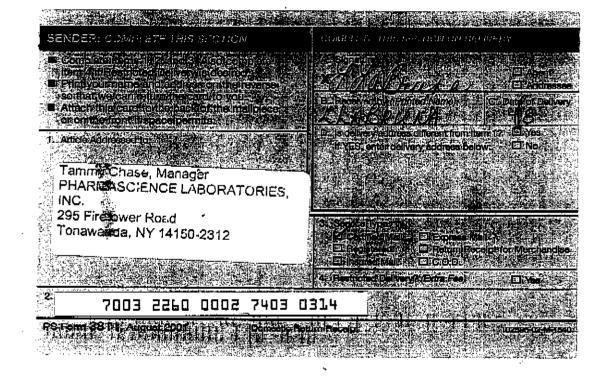
(512) 463-1710

(512) 320-0975 (Facsimile No.)

William.Shieber@oag.state.tx.us

Attachment

3 031/4	U.S. Postal Service in CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided) For delivery information visit our website at www.usps.com.				
5H03	Postage				
	Certified Fee		Postmark		
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2250	Restricted Delivery Fee (Endorsement Required) Tammy	Chase, Manage	r		
	TOTAL POR PHARMASCIENCE LABORATORIES,				
7003	Similar To INC. 295 Firetower Road, Tonawanda, NY Simer, April 14150-2312				
	City, State P5 Form 1900, June 20	02	See Reverse for Instru	ctions	





By Certified Mail, Postage Prepaid

April 4, 2005

Paul May, President PHARMACEUTICAL ASSOCIATES, INC. 5220 S. Manhattan Ave. Tampa, FL 33611-3420

Re: Notice of Violation of Texas Health & Safety Code § 431.116

Dear Mr. May:

I am writing to inform you that PHARMACEUTICAL ASSOCIATES, INC. is currently in violation of Texas Health & Safety Code § 431.116, and that it has until **April 18, 2005** to satisfy the requirements of this statute. (A copy of Texas Health & Safety Code § 431.116 is attached for your review.)

Texas Health & Safety Code § 431.116 requires companies which distribute prescription drugs in Texas to send the Texas Health & Human Services Commission (HHSC) the average manufacturer price (AMP) for all drugs currently on the Texas formulary. Based on HHSC records, PHARMACEUTICAL ASSOCIATES, INC. has not filed any AMPs with HHSC for any quarter of calendar year 2004. For this reason, PHARMACEUTICAL ASSOCIATES, INC. is in clear violation of Texas law. If it fails to file its AMPs with HHSC by April 18, 2005, the Texas Office of the Attorney General will take appropriate action to compel it to do so.

To comply with the requirements of Texas Health & Safety Code § 431.116, AMPs for PHARMACEUTICAL ASSOCIATES, INC.'s drugs on the Texas formulary (including AMPs for drugs distributed by subsidiaries and affiliates) should be sent to Health & Human Services Commission, Vendor Drug Program Formulary, Mail Code H630, P.O. Box 85200, Austin, TX 78708-5200. These AMP reports should include the AMPs reported to CMS for the last quarter of 2004 (due January 31, 2005), and should continue to be sent on an ongoing basis beginning with the report for the first quarter of 2005 (due April 30, 2005).

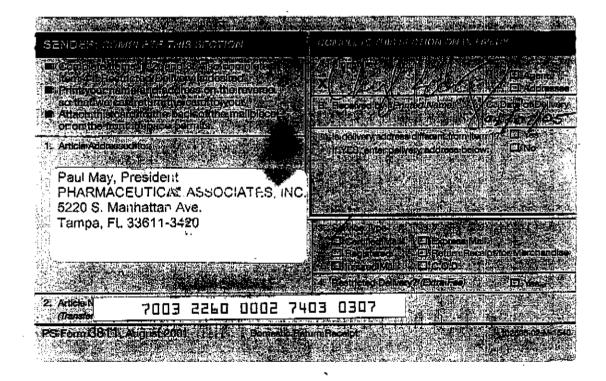
If you have any qualions about HHSC's AMP reporting resements, please contact Martha McNeill, Director, Vendor Drug Program Formulary, at (512) 491-1157.

Sincerely yours,

William J. Shieber
Assistant Attorney General
Antitrust & Civil Medicaid Fraud Division
Texas Office of the Attorney General
(512) 463-1710
(512) 320-0975 (Facsimile No.)
William.Shieber@oag.state.tx.us

Attachment

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2260	Paul May, President	ASSOCIATES IN	C.
	5220 C Manhattan /		
7003	Tampa, FL 33611-34		
7	Street, At or PO Ba		
	City, Stat.		
	P5 Form 3800, June 2002	See Heverse for In	structions





By Certified Mail, Postage Prepaid

April 4, 2005

William H. Person, President PERSON & COVEY, INC. 616 Allen Avenue Glendale, CA 91201

Re: Notice of Violation of Texas Health & Safety Code § 431.116

Dear Mr. Person:

I am writing to inform you that PERSON & COVEY, INC. is currently in violation of Texas Health & Safety Code § 431.116, and that it has until **April 18, 2005** to satisfy the requirements of this statute. (A copy of Texas Health & Safety Code § 431.116 is attached for your review.)

Texas Health & Safety Code § 431.116 requires companies which distribute prescription drugs in Texas to send the Texas Health & Human Services Commission (HHSC) the average manufacturer price (AMP) for all drugs currently on the Texas formulary. Based on HHSC records, PERSON & COVEY, INC. has not filed any AMPs with HHSC for any quarter of calendar year 2004. For this reason, PERSON & COVEY, INC. is in clear violation of Texas law. If it fails to file its AMPs with HHSC by April 18, 2005, the Texas Office of the Attorney General will take appropriate action to compel it to do so.

To comply with the requirements of Texas Health & Safety Code § 431.116, AMPs for PERSON & COVEY, INC.'s drugs on the Texas formulary (including AMPs for drugs distributed by subsidiaries and affiliates) should be sent to Health & Human Services Commission, Vendor Drug Program Formulary, Mail Code H630, P.O. Box 85200, Austin, TX 78708-5200. These AMP reports should include the AMPs reported to CMS for the last quarter of 2004 (due January 31, 2005), and should continue to be sent on an ongoing basis beginning with the report for the first quarter of 2005 (due April 30, 2005).

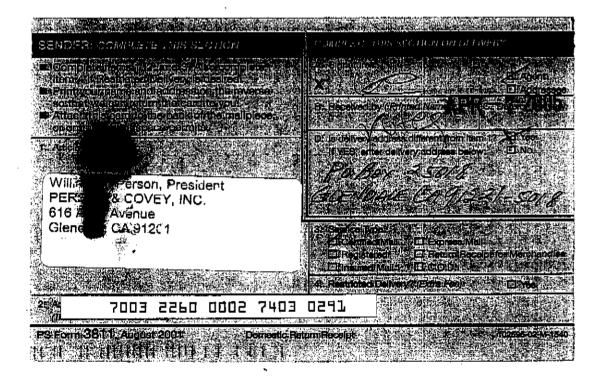
If you have any q. dons about HHSC's AMP reporting recorded rements, please contact Martha McNeill, Director, Vendor Drug Program Formulary, at (512) 491-1157.

Sincerely-yours,

William J. Shieber
Assistant Attorney General
Antitrust & Civil Medicaid Fraud Division
Texas Office of the Attorney General
(512) 463-1710
(512) 320-0975 (Facsimile No.)
William.Shieber@oag.state.tx.us

Attachment

T620	U.S. Postal Service: CERTIFIED MAIL: RECEIPT (Domestic Mail Only: No Insurance Coverage Provided) For delivery information visit our website at www.usps.com					
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7003 2260	Restricted Delivery Fee (Endorsement Required) William H. Person, President Total PERSON & COVEY, INC.					
	Chy, S PS Form 3800, June 200	12	See Regerse for Instructions			





By Certified Mail, Postage Prepaid

April 4, 2005

Melvin D. Sharoky, President SOMERSET PHARMACEUTICALS INC 2202 N. West Shore Blvd., Suite 450 Tampa, FL 33607

Re: Notice of Violation of Texas Health & Safety Code § 431.116

Dear Mr. Sharoky:

I am writing to inform you that SOMERSET PHARMACEUTICALS INC is currently in violation of Texas Health & Safety Code § 431.116, and that it has until **April 18**, 2005 to satisfy the requirements of this statute. (A copy of Texas Health & Safety Code § 431.116 is attached for your review.)

Texas Health & Safety Code § 431.116 requires companies which distribute prescription drugs in Texas to send the Texas Health & Human Services Commission (HHSC) the average manufacturer price (AMP) for all drugs currently on the Texas formulary. Based on HHSC records, SOMERSET PHARMACEUTICALS INC has not filed any AMPs with HHSC for any quarter of calendar year 2004. For this reason, SOMERSET PHARMACEUTICALS INC is in clear violation of Texas law. If it fails to file its AMPs with HHSC by April 18, 2005, the Texas Office of the Attorney General will take appropriate action to compel it to do so.

To comply with the requirements of Texas Health & Safety Code § 431.116, AMPs for SOMERSET PHARMACEUTICALS INC's drugs on the Texas formulary (including AMPs for drugs distributed by subsidiaries and affiliates) should be sent to Health & Human Services Commission, Vendor Drug Program Formulary, Mail Code H630, P.O. Box 85200, Austin, TX 78708-5200. These AMP reports should include the AMPs reported to CMS for the last quarter of 2004 (due January 31, 2005), and should continue to be sent on an ongoing basis beginning with the report for the first quarter of 2005 (due April 30, 2005).

If you have any q. ions about HHSC's AMP reporting recomments, please contact Martha McNeill, Director, Vendor Drug Program Formulary, at (512) 491-1157.

Sincerely yours,

William J. Shieber

Assistant Attorney General
Antitrust & Civil Medicaid Fraud Division
Texas Office of the Attorney General
(512) 463-1710
(512) 320-0975 (Facsimile No.)

William.Shieber@oag.state.tx.us

Attachment

JC. JC	U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only: No Insurance Coverage Provided)				
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b 76	Postage	8			
0000	Certified Fee		' Postmark		
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7	or PO Box A Tampa	a, FL 33607	, 		
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Melvin D. Sharoky, President SOMERSET PHARMACEUTICALS INC. 2202 N. West Shore Bird. Suite 450	ECC, enter delivery address below:
Tampa, FL 33607	
	SENDING COMMITTEE STATE OF THE SENDING COMMITTEE SENDING COMMITTE
	4. Restricted Delivery? (pytha/ee)
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PS Form 381.1. February 2004 Portes	######################################